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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/900,675	07/06/2001	Richard M. Ekstrom	2740/1	6696
7590	01/11/2006		EXAMINER	
SCHWARTZ LAW FIRM, P.C. 6100 FAIRVIEW ROAD SUITE 530 CHARLOTTE, NC 28210			JANVIER, JEAN D	
			ART UNIT	PAPER NUMBER
			3622	

DATE MAILED: 01/11/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

<b>Office Action Summary</b>	<b>Application No.</b>	<b>Applicant(s)</b>	
	09/900,675	EKSTROM, RICHARD M.	
	<b>Examiner</b>	<b>Art Unit</b>	
	Jean Janvier	3622	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --  
**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) Responsive to communication(s) filed on \_\_\_\_.
- 2a) This action is FINAL.                            2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) Claim(s) 1-22 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_ is/are withdrawn from consideration.
- 5) Claim(s) \_\_\_\_ is/are allowed.
- 6) Claim(s) 1-22 is/are rejected.
- 7) Claim(s) \_\_\_\_ is/are objected to.
- 8) Claim(s) \_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on \_\_\_\_ is/are: a) accepted or b) objected to by the Examiner.  
 Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
 Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) All    b) Some \* c) None of:
  1. Certified copies of the priority documents have been received.
  2. Certified copies of the priority documents have been received in Application No. \_\_\_\_.
  3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)  
 Paper No(s)/Mail Date \_\_\_\_.
- 4) Interview Summary (PTO-413)  
 Paper No(s)/Mail Date \_\_\_\_.
- 5) Notice of Informal Patent Application (PTO-152)
- 6) Other: \_\_\_\_.

### **Response To Applicant's Amendments**

The Examiner approves the Applicant's amendments to the claimed invention.

### **Response To Applicant's Arguments**

Applicant's arguments with respect to the claims have been fully considered, but are moot in view of the new grounds of rejection. And a Non-Final Office Action is presented below.

## **DETAILED ACTION**

### *Specification*

### **Claim Status**

Claims 1-22 are currently pending in the Instant Application.

### **Claim Objections**

### *Claim Rejections - 35 USC § 103*

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole

would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 1, 2, **5, 9, 12, 13, 15, 17, 18, 21, 22** and **3, 4, 6-8, 10, 11, 14, 16, 19, 20** are rejected under 35 U.S.C. 103(a) as being unpatentable over Deaton, US Patent 6, 516, 302B1.

As per claims 1, 2, 3, **5, 9, 12, 13, 15, 17, 18, 21** and 22, Deaton et al teach a system for providing selective incentives to a customer if and only if the customer's shopping history or transaction history or purchase history meets some predetermined criteria, such as demographics, recency of purchase data, frequency of purchase data, volume purchase data, timing of purchases or purchase cycle data, brand loyalty data, coupon redemption data and customer price sensitivity **data and infrequent purchase data**, as set forth by a retailer. Upon analyzing the shopping history data or purchase history data using a program subroutine or any conventional data mining technique, a decision is made, subsequent to determining that the customer's purchase habits or pattern or tendencies or generating the customer's profile, on whether or not the said customer should receive a selective incentive and/or be targeted for a particular product promotion (transmitting customized promotional messages to targeted respective members based on their purchase history including frequency or "infrequency" (attendance monitoring) of visits to the participating stores).

In general, Deaton teaches a system for distributing unique product incentives or coupons of different values to targeted customers, based on the purchase history of the customers including frequency of shopping or infrequency of shopping (the number of times a customer visits a store or a shop within a network of stores during a specific period of time), purchase

tendency, volume purchase and so and so forth, to thereby encourage, for example, infrequent customers to visit the stores more frequently (maintaining a level of attendance or participation) and spend more money and frequent or regular customers to maintain their current level of participation (**transmitting specific promotional messages to targeted group of infrequent or frequent customers at the POSes or by mail based on their level of attendance**).

In one embodiment, Deaton teaches a system to determine whether or not a customer is a frequent or infrequent customer and, based on this determination, what type of coupon and coupon incentive level to store for the identified customer in a database or to transmit to the customer frequent shopper's card (transmitting electronic coupons) (mark the customer's account to receive, for example, Coupon "A" coupons or Super "A" coupons). The customer's visits to the network of stores is closely monitored for a specific period of time, for example during an eight-week period (weekly frequency), and if the customer's attendance during the eight-week period falls within a preset or predetermined or acceptable limit or value, the customer is said to be a frequent customer or otherwise the customer is an infrequent customer. If, for instance, a frequent customer made two (2) visits to the network of stores in the prior eight-week period, then the customer is qualified to receive at least one Coupon "A" coupon, redeemable on a particular product or service, at coupon incentive level 2 for visiting the network of stores twice in the last eight weeks (figs. 19-20, 25, 27-29 and 46B). However, if the customer's visits (visiting the stores to conduct transactions) to the network of stores during the certain period of time falls outside a preset or predetermined range, the customer is said to be an infrequent. Here, Deaton discloses a plurality of steps to convert an infrequent customer into a frequent customer, as shown in fig. 27. One of the steps or methods calls for providing a Coupon "A" (of higher

value) to the infrequent customer so as to entice the infrequent customer to visit a store more often and spend more money in order to meet one or more shopping criteria. For instance, if the infrequent customer did not visit any store at all in the last eight weeks (so-called non-user or low user), he is qualified for a Coupon "A1" (coupon A and level 1, the highest level for Coupon "A"). The infrequent customer's response or performance, following the transmitting or the issuance of at least one Coupon "A" coupon or electronic coupon redeemable on a particular product, is closely monitored or tracked. In other words, the system tracks whether or not the infrequent customer uses or redeems the at least one Coupon "A" coupon. If the infrequent customer fails to respond to the at least one Coupon "A" coupon (Coupon "A" program), then the infrequent customer is given at least one Super "A" coupon (heavier than a Coupon "A" coupon) in an effort to cause the infrequent customer to change his behavioral pattern. If the Super "A" program is successful, that is the infrequent customer redeems the at least one Super "A" coupon, then the customer will receive at least one Coupon "A" coupon with a lower value.

Fig. 27 illustrates the method of and system for tracking infrequent shoppers (low users or rare users) such that a Coupon "A" may be generated and issued to the customer. Coupon "A" is defined as "coupons to incent what has been determined to be an infrequent shopper, that is a shopper who fails to meet predetermined shopping criteria" (attendance criteria). For example, the criteria may be a set of a predetermined number of shopping visits in a predetermined time (consistency in attendance for a period of time). If the customer, as shown in fig. 27, fails to meet the required number of shopping visits, he/she is determined to be an infrequent shopper (low user) and Coupon "A" may be used to incent that shopper. Coupon "A" provides greater coupon incentives than are provided to regular (frequent) customers who are more frequent shoppers.

Although an infrequent shopper has been herein described as a customer failing to meet previous shopping criteria, the infrequent shopper may also be defined as a customer meeting predetermined infrequent shopping criteria, that is by not having visited a store, within the store network, in a predetermined time in a predetermined time interval low user or rare or occasional user). The flow chart in FIG. 27 also illustrates the generation of Super "A" Coupons to an infrequent shopper who has been previously targeted for marketing but has failed to respond (rare or occasional user or customer).

In other words, Coupon "A" (for Absence) is used by the system to identify shoppers that are determined to be infrequent (low users) for being absent during a certain of period of time. A Super "A" coupon is provided to an infrequent shopper (occasional or rare user) who fails to respond to a Coupon "A" and has been absent for a long period of time. In general, each store tailors and stores a definition of the infrequent and frequent shopper and a program to incent them is stored on-line. An infrequent shopper is determined based on dollars spent in the prior specified number of days (visits) or an attendance record related to weekly attendance in the prior specified number of weeks. The generated incentive or product promotion (specific advertising message) may be mailed to the infrequent or frequent shoppers, printed at the POSes or electronically encoded on the shoppers' frequent cards.

Moreover, Deaton teaches a system for electronically distributing or transmitting specific product promotions (or advertisements) to targeted customers at the POS or by mail, based on their profile including their level of attendance, wherein the customers are classified as frequent (regular) customers, infrequent (occasional or low) customers, etc., according to their level of participation, thereby encouraging the infrequent customers to increase their level of

participation to become frequent customers and the frequent customers to maintain their current level of participation.

In addition, Deaton further teaches that incentives may be used to lay out future coupons such that incentives are decreased or increased, based on a customer's reaction to the incentive program, in order to have a customer maintain required levels of spending or change an existing behavioral pattern or continue an existing behavioral pattern as determined by his purchase history. To this end, the subsequent performance of the customer is being monitored or tracked by the system to determine whether or not the customer redeems or uses one or more transmitted or issued coupons. Furthermore, the performance may also be tracked at a product level, department level or at a store level. The system will, based on the above tracking or determination, change or vary (increment/decrement or increase/decrease) the one or more coupon values from a Coupon "A" coupons to Super "A" coupons and vice versa.

Finally, incentive and electronic register system 326 operates to generate a list of incentives (product promotions or promotional messages) that may be provided to a targeted customer utilizing customer personal computer 322 of fig. 48A. The particular incentives presented to a customer utilizing customer personal computer 322 may be determined according to a variety of techniques, including those described above, such as utilizing a customer's past purchasing history as a basis for generating incentives. The incentives are provided to web site 324 of fig. 48A where, in one example, they are made available for viewing by the customer through customer personal computer 322 over a network. This provision of incentives may incorporate providing, for instance, **HTML text for viewing by a user of customer personal computer 322. As another example, an electronic mail may be sent to an address associated**

**with customer personal computer 322, or a user of customer personal computer 322, or other suitable customer (electronically transmitting specific messages to specific groups of targeted users-Col. 127: 4-21).**

(See Col. 59: 6 to col. 60: 5; col. 61: 35-67; col. 63: 1-20; col. 69: 18-60; figs. 14A, 15A, 16A and 17A-B) and (Col. 80: 34 to col. 83: 19; col. 61: 35-47; col. 61: 63-67;fig. 58B).

As per claims 1, 12, 21 and 22, although Deaton discloses providing customized incentives (by mail or electronic mail or online), to infrequent customers (non-users or low users) and frequent customers (regular customers) respectively such that the infrequent customers are encouraged to increase their level of activity or attendance level and the frequent customers to maintain their level of activity or attendance level at a specific store or throughout the network of stores, wherein the provision of the incentives incorporates providing HTML text message for viewing by the customers online and wherein an electronic mail or e-mail message, comprising at least a customized text message specifically directed to infrequent customers or frequent customers, is sent to e-mail addresses of the respective customers, **however**, Deaton does not expressly disclose that the content of the electronic text message transmitted to the infrequent customers (non-users, low users) and frequent customers (regular users) comprises content selected from a group consisting of a wellness tip, an interest survey and an offer for personal fitness instruction, nor does he explicitly mention that his system can be used at a health club to classify customers into infrequent customers and frequent customers and to encourage the infrequent customers (non-users, low users) to increase their attendance level or level of participation and frequent customers to maintain their level of activity at the health club.

However, it is well documented in the art for a health club facility to provide various incentives to club members in an effort to help the members stay fit. Identification cards, having identification data encoded thereon, are provided to the members to identify them at the health club facility and to track the members' activity or attendance level at the club. Member's records or information, such as past weight, are presented on the club equipment display to the members during use.

Moreover, it is customary for a health club facility to send an invitation to new users to come and try the club out for free for a limited period of time in an effort to recruit them as new members, while incentivizing existing members to continue patronizing the club and so on and so forth. Furthermore, before the so called "no-call list" registry, tele-marketers, including those working on behalf of health clubs, used to contact potential members and existing members and offer them incentives to cause them to perform certain functions or tasks. Moreover, health clubs continue to advertise to non-members and existing members by mailing out marketing literature to their home addresses using one or more available or generated mailing lists.

Additionally, it is well known in the art to send e-mail messages, comprising texts and/or images, to one or more users.

Finally, the content of the electronic messages, i.e. wellness tip, an interest survey and an offer for personal fitness instruction, sent to the users by the health club facility is a matter of desires. In fact, two or more companies or health club facilities, implementing the present claimed system, may choose different text messages or marketing literature to achieve the same objective- retaining and increasing membership.

“Official Notice”

Therefore, an ordinary skilled artisan would have been motivated at the time of the invention to incorporate the above disclosure (“Official Notice”) into the marketing system of Deaton so as to employ the Deaton’s system at a health club facility and to generate and transmit specific promotional electronic messages, comprising text messages (including wellness tip, an interest survey and an offer for personal fitness instruction), to specifically targeted frequent or regular club members and infrequent or irregular club members, including low users and non-users (occasional users) in an effort to encourage the infrequent customers to increase their attendance level at the health club facility and the frequent users to maintain their current level of participation at the facility and while providing a more substantial coupon, redeemable on a service or product offered at the facility, to the infrequent customers to encourage them to use the facility more often and a less substantial coupon, redeemable on a service or product offered at the same facility, to the frequent customers to thereby cause them to maintain their current level of activity or participation at the health club facility.

As per claims 3, 4, 6-8, 10, 11, 14, 16, 19 and 20, Deaton does not disclose the specific limitations recited therein, such as including in the text message (product promotion) sent to the frequent or regular customers an indication of a level of attendance and a customized wellness tip, indicating in the text message transmitted to the infrequent or low users a level of attendance and an exercise motivation tip, indicating in the text message transmitted to the non-users (occasional users) a level of attendance and a request to identify obstacles preventing more usage

of the club, providing orientation to new members and transmitting in the text message sent to the new users basic fitness tips, notifying staff members of the non-users (occasional users) and contacting the non-users by telephone to encourage them to participate.

However, the above claim limitations are commonly being practiced in the health club industry. For instance, it is customary for a health club to send an invitation to new users to come and try the club out for free for a limited period of time in an effort to recruit them as new members, while incentivizing existing members to continue patronizing the club and so on and so forth. Furthermore, before the so called “no-call list” registry, telemarketers, including those working on behalf of health clubs, used to contact potential members and existing members and offer them incentives to cause them to perform certain functions or tasks. Moreover, health clubs continue to advertise to non-members and existing members by mailing out marketing literature to their home addresses using one or more available or generated mailing lists.

Additionally, the specific limitations recited in the claims are a matter of desires. In fact, two or more companies, implementing the present claimed invention, may choose different text messages or marketing literature to achieve the same objective- retaining and increasing membership.

#### “Official Notice”

Therefore, an ordinary skilled artisan, would have been motivated at the time of the invention to incorporate the above disclosure into the marketing system of Deaton so as to employ the Deaton’s system at a health club and to generate and transmit different specific

product (program) promotions (text messages) to specifically target potential club members or new users, frequent or regular club members and infrequent or irregular club members, including low users and non-users (occasional users), wherein the product promotions (including discount coupons) are periodically mailed, e-mailed to the different groups of users or existing members or the product promotions may be conveyed to the specific users during a telemarketing phone call and wherein the new users receive a discount coupon redeemable on a membership package, the infrequent members receive a discount coupon of a greater value redeemable on some other product or program available at the club and the frequent members receive a standard discount coupon for encouraging them to maintain their current level of attendance or participation, thereby enticing the potential members, regular and irregular club members to perform certain tasks, change their behavior or to act in a certain manner, while recruiting new club members and retaining existing members.

### **Conclusion**

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

US Patent 4, 831, 242 to Englehardt discloses a control system for a health club which stores user records including user activity data in order to monitor and control use of the club's facilities. A central controller includes a memory for storing the user records including attendance data and accounting data, and a main control which is responsive to the user record data for determining whether a user is authorized to use the club's facilities. The central

controller is coupled to various club facilities and equipment such as a computerized scale to prevent use thereof if a user is not authorized. The central controller also stores user history data such as user weight data for the computerized scale to alleviate data storage problems.

US Patent 5, 956, 693 to Geerlings discloses a computer system for providing automated merchant-to-customer communication. Each merchant customer is grouped into an initial grouping or entry segment, based on merchant definition of allocation filters. Merchant-defined triggers subsequently resegment customer groupings based on predefined criteria which includes any measurable behavioral patterns as provided by the merchant and stored in a data base. Resegmenting is continually or dynamically provided based on behavior (e.g., shopping activity) of customers. Predefined communication scheduling and/or merchant-defined events initiate execution of a working communication designed by the merchant. The triggers and events are merchant-specified sets of criteria based on demographics, psychographics, and customer shopping behavior. Further filtering of a group of target customers to a final recipient group based on merchant specified criteria is provided by program filters. The present invention combination of allocators, triggers, filters, events and communication programs enable merchant communication of a desired message, to an appropriate recipient group, at a desired time, to be automated through computer means.

Any inquiry concerning this communication from the Examiner should be directed to Jean D. Janvier, whose telephone number is (571) 272-6719. The aforementioned can normally be reached Monday-Thursday from 10:00AM to 6:00 PM EST. If attempts to reach the Examiner

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by telephone are unsuccessful, the Examiner's Supervisor, Mr. Eric W. Stamber, can be reached at (571) 272- 6724.

Non-Official- 571-273-6719.

Official Draft : 571-273-8300

11/26/05

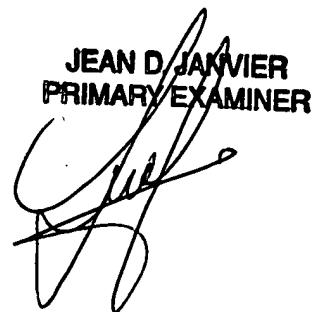
**Jean D. Janvier**

**JDJ**

**Patent Examiner**

Art Unit 3622

JEAN D. JANVIER  
PRIMARY EXAMINER

A handwritten signature in black ink, appearing to read "Jean D. Janvier".